

Message Text

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PAGE 01 MTN GE 01890 191209Z

41

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 USIE-00 INRE-00

SSO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 /093 W

----- 119418

O R 191215Z MAR 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 22

WHITE HOUSE IMMEDIATE

INFO USEC BRUSSELS 4433

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN: AGRICULTURE GROUP MEETING, MARCH 24

REF: (A) STATE 032200; (B) STATE 057274

WHITE HOUSE FOR SEIDMAN

PASS STR FOR GUENTHER, WILLIAMS FOR ACTION

1. SUMMARY. CONVERSATIONS WITH A LARGE NUMBER OF FOREIGN MTN DELEGATIONS INDICATE THAT THE DEVELOPED COUNTRY PARTICIPANTS ARE PLANNING IN THE NEXT WEEK'S MEETING OF THE AGRICULTURE GROUP TO CONSIDER THIS AS A NEGOTIATING GROUP AND TO SUPPORT THE CREATION OF COMMODITY SUBGROUPS. GUIDANCE DELEGATION HAS CONCERNING TREATMENT OF AGRICULTURE IN MTN AND THE CREATION OF A SUBGROUP ON GRAINS IN THE AGRICULTURE GROUP IS CONTAINED IN REFTELS. SINCE U.S. MAY BE ISOLATED IN ITS

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PAGE 02 MTN GE 01890 191209Z

PROCEDURAL APPROACH TO TREATMENT OF AGRICULTURE IN THE MTN,

GUIDANCE IS NEEDED ON OBJECTIVES THAT SHOULD BE OBTAINED IN THE FORTHCOMING AGRICULTURE GROUP MEETING, TAKING INTO ACCOUNT PROBABLE POSITIONS OF MAJOR DEVELOPED COUNTRY PARTICIPANTS. END SUMMARY.

2. IN RECENT DAYS WE HAD CONVERSATIONS WITH EC, AUSTRALIA, NEW ZEALAND, CANADA, JAPAN AND OTHER MTN DELEGATIONS REGARDING THE APPROACH THEY INTEND TO TAKE IN NEXT WEEK'S AGRICULTURE GROUP MEETING. THE EC TOLD US THAT THEY ARE GOING TO PROPOSE SUBGROUPS FOR GRAINS, DAIRY PRODUCTS, MEAT, AS WELL AS A SUBGROUP FOR SUGAR (IN CONJUNCTION WITH THE GROUP ON TROPICAL PRODUCTS). MOREOVER, THEY INTEND TO PROPOSE A SUBGROUP ON SUBSIDIES AND ONE ON SANITARY AND PHYTOSANITARY QUESTIONS. NEW ZEALAND DELEGATION TOLD US THAT THEY ARE FIRMLY RESOLVED TO PROPOSE A SUBGROUP ON MEAT AND DAIRY PRODUCTS. AUSTRALIA AND CANADA, WHOSE POSITIONS ARE CLOSER TO U.S. POSITION THAN THOSE OF OTHER DELEGATIONS, WILL NEVERTHELESS SUPPORT THE CREATION OF COMMODITY SUBGROUPS. WHILE THE AUSTRALIANS AND PROBABLY THE CANADIANS ARE LIKELY TO INSIST THAT THE WORK OF THE AGRICULTURE GROUP AND THAT OF ANY COMMODITY SUBGROUPS BE IN CONJUNCTION WITH THE WORK OF THE TARIFF GROUP AND THE NTM GROUP, THE CANADIANS SUGGESTED YESTERDAY IN INFORMAL TALKS THAT GENERAL ISSUES SUCH AS AGRICULTURAL SUBSIDIES AND QRS MIGHT BE DISCUSSED SIMULTANEOUSLY WITH, AND POSSIBLY PRIOR TO, SUCH WORK BEING UNDERTAKEN BY THE NTM GROUP. THE JAPANESE, AS THEY EXPLAINED IT TO US, ARE VERY LIKELY TO SUPPORT EC APPROACH EXCEPT THEY STRONGLY OPPOSE GRAINS GROUP DEALING WITH RICE.

3. THE U.S. DELEGATION SO FAR HAS BEEN GUIDED BY REFTEL (A), THAT "AGRICULTURAL ISSUES WILL BE NEGOTIATED PRIMARILY IF NOT ENTIRELY IN THE TARIFF AND NTB GROUPS", AND ALSO, PARAGRAPH (C) OF REFTEL (A) TO THE EFFECT THAT "AGRICULTURE GROUPS COULD BE EITHER FOR DISCUSSION OR NEGOTIATION PURPOSES SUBJECT TO MUTUAL AGREEMENT."

4. THIS GUIDANCE FOLLOWED YESTERDAY WHEN EC REP (DUGIMONT) STATED IN TARIFF GROUP YESTERDAY THAT GENERAL TARIFF REDUCTION FORMULA SHOULD NOT BE APPLIED LIMITED OFFICIAL USE

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PAGE 03 MTN GE 01890 191209Z

TO AGRICULTURAL SECTOR, BECAUSE MEANS OF PROTECTION LARGELY NONTARIFF IN NATURE. U.S. REP (MCNAMARA) FOLLOWED WITH STATEMENT IN WHICH POSITION REITERATED THAT TARIFF FORMULA AND NTB WORK MUST TAKE FORM OF RULES APPLICABLE TO INDUSTRIAL AND AGRICULTURAL PRODUCTS ALIKE. THAT ANY SPECIAL CHARACTERISTICS FOUND SHOULD NOT DETRACT FROM DEVELOPMENT OF GENERAL TARIFF NEGOTIATING PLAN. U.S. REP CRITICIZED EC FOR SUGGESTING THAT TARIFF

WORK SHOULD BEGIN BY EXCEPTION FOR ONE-QUARTER OF EC
TARIFF SCHEDULE, NAMELY, AGRICULTURE.

5. IN VIEW OF THE FOREGOING, IN PARTICULAR CASE U.S.
FINDS ITSELF ISOLATED, CHOICE REMAINS OF (1) WHETHER
U.S. SHOULD IN THIS EVENTUALITY MAINTAIN UNYIELDING
OPPOSITION TO PROPOSALS FOR CREATION OF AGRICULTURE
SUBGROUPS AND QUESTIONS OF WORK PROGRAM ASSIGNED TO
AGRICULTURE GROUP AND SUBGROUPS, AND ASSIGNMENT AT THIS
TIME OF NEGOTIATING RESPONSIBILITY TO AGRICULTURE GROUP
AND SUBGROUPS OR (2) ALTERNATIVELY, WHETHER WE SHOULD IN
THIS EVENTUALITY SEEK A COMPROMISE AND IF SO THE PRECISE
NATURE OF SUCH A COMPROMISE.

6. COMMENT: REPORTEDLY VIEW IS SPREADING IN OTHER MTN
DELS THAT U.S. IS TAKING AGRICULTURE OUT OF MTN. THERE
IS SUBSTANTIAL RISK THAT U.S. ATTEMPT TO BLOCK WILL OF
MAJORITY ON PROCEDURAL ISSUE, WILL RESULT IN INCREASING
EC OBSTINACY TO ANY DISCUSSION OF AGRICULTURAL
ISSUES IN TARIFF AND NTM GROUPS. RESULT COULD BE
STALEMATE IN AGRICULTURE THAT WE ARE TRYING TO AVOID.

7. RECOMMENDED POSITION; IF THE OTHER MAJOR COUNTRIES
CANNOT BE PERSUADED TO REFRAIN FROM ESTABLISHING
SUBGROUPS AT THIS TIME, U.S. COULD ACCEPT SUBGROUPS ON
GRAIN, MEAT, DAIRY, AND POSSIBLY SUGAR, BUT OTHERS
RESISTED. HOWEVER, ON GRAINS SUBGROUP, GIVEN FAILURE
TO REACH AGREEMENT IN BRUSSELS MARCH 18 ON GRAINS
GENEVA-LONDON ISSUE, GRAINS SUBJGROUP COULD BE NOMINALLY
ESTABLISHED IN GENEVA ON TACIT UNDERSTANDING THAT IT
WOULD BE DORMANT PENDING EVOLUTION OF LONDON TALKS,
WITH LATER TIE-IN MADE. SINCE NO AGRICULTURAL GROUP
OR SUBGROUPS CAN REACH SUCCESSFUL COMMODITY AGREEMENT
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PAGE 04 MTN GE 01890 191209Z

WITHOUT U.S. PARTICIPATION, U.S. HAS EFFECTIVE VETO
OVER WORK PROGRAM DIRECTION IN SUCH SUBGROUPS. WITH
RESPECT FUNCTIONAL AGRICULTURAL SUBGROUPS SUGGESTIONS
BY OTHER DELS, SUCH AS PHYTOSANITARY REGULATIONS,
SUBSIDIES, PACKAGING, ETC., RECOMMEND U.S. STRONGLY
OPPOSE ANY FUNCTIONAL AGRICULTURAL SUBGROUPS EXCEPT
PHYTOSANITARY, WHICH COULD WORK IN CONJUNCTION WITH
STANDARDS GROUPS.

8. ACTION REQUESTED: REPLY AT LATEST SHOULD BE
RECEIVED BY MORNING MARCH 21 GENEVA TIME TO GIVE US
SUFFICIENT OPPORTUNITY FOR CONFERRING WITH OTHER
DELEGATIONS. UNDERSTAND RABOT INTENDS TO COME TO
GENEVA TO WORK OUT PROCEDURAL SCENARIO. USDA INVITED
TO PARTICIPATE AT APPROPRIATE LEVEL.

9. NEXT WEEK'S MEETING WILL BE CRUCIAL NOT ONLY FOR POSITION OF AGRICULTURAL SECTOR IN NEGOTIATIONS BUT ALSO FOR PROGRESS IN MTN. STALEMATE IN MTN WILL BE LIKELY RESULT IF U.S. INSISTS NO SUBGROUPS CAN BE FORMED. WOLFF

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